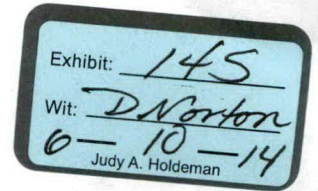


# Exhibit 11

**Island  
Park**  
INVESTMENTS



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## **DUE DILIGENCE SUMMARY**

September 15, 2008

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# Island Park

INVESTMENTS

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## I. Executive Summary

### GENERAL INFORMATION

Company Name:	Pressure Products, Inc. (DBA Pressure Pak)
Company Contact:	Toby Hazelbaker, CEO
Island Park Investments Contact:	David G. Norton

### INVESTMENT HIGHLIGHTS

Size of Island Park's Investment:	\$100,000	Current Cash Balance:	\$ 2,100
Total Raise:	\$750,000	Current Burn:	\$4,000
Pre-Money Valuation:	\$2,250,000	Post-Money Valuation:	\$3,000,000
Warrants / Discount / Other:		Other:	

### TRANSACTION OVERVIEW

Pressure Products, Inc. anticipates raising \$750,000 for an equity position in Series A preferred stock of 25% of the total outstanding shares of stock. These funds will be used primarily for the finalization of design and manufacturing elements of the current product line as well as the creation of new marketing and sales initiatives.

### BUSINESS SUMMARY

#### Technology Development:

**Basic Research:** The last four years of basic research have gained the company a vast knowledge of the physics and materials involved in pressurized hydration technology.

**Applied Research and Development:** Pressure Pak has been through a number of paradigm shifts based on actual customer feedback from one prototype to the next, developing the lightest, strongest, most efficient pressurized hydration system possible.

**Product Development:** Product development continues beyond the streamlining of air/gas pressurization into airless and "smart" pressure delivery and regulation systems.

**Market Development:** Pressure Pak currently markets and sells add-on systems to specialized test markets as well as beta test product to Camelbak, the US military, and other channels of sale.

**Business Development:** Pressure Products has proven intent from military and industry leaders to collaborate and include Pressure Pak technology in a host of products for multiple uses.

# Island Park

INVESTMENTS

## LOCATION

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**Where is the company located?**

395 West 2900 North  
Pleasant Grove, UT 84062

## II. Management:

### APPLICABLE EXPERIENCE

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**Does the management team have applicable industry experience?**

The CEO has been with the company since inception and is responsible for major industry and military partnerships. The COO has startup experience many times over, was a co-founder of US Synthetic (industrial diamonds, Provo, UT), and just retired as Director of Global Manufacturing Support from BD, a major medical device manufacturer. The CTO is currently achieving his doctorate from the University of Utah in plastics and materials science and has over 15 years of experience in medical device and consumer product manufacturing and design.

### SHARED VALUES

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**Does the management team share our values?**

**Personal:** The Pressure Products team are family-oriented people who embody values of honesty, hard work, ingenuity and integrity.

**Business:** The business started out in their basements and garages. They believe in the American spirit of those like Hewlett-Packard and Thomas Edison, that any hurdle can be overcome, and that quality, value, and astounding customer service are as important as the best marketing campaign. They seek synergistic relationships at every turn and do not let ego dictate what is best for the business.



### III. Business:

#### SUMMARY OF FINANCIALS

##### *Pressure Products, Inc.*

September 3, 2008

##### PRO FORMA INCOME STATEMENT

	2008	2009	2010	2011	2012
Sales	\$ 119,249	\$ 2,574,376	\$ 16,081,637	\$ 24,474,920	\$ 39,673,182
Cost of Goods Sold	\$ 85,091	\$ 1,344,782	\$ 7,294,558	\$ 11,984,628	\$ 21,027,688
Gross Profit	\$ 34,158	\$ 1,229,594	\$ 8,787,079	\$ 12,490,292	\$ 18,645,494
G&A Expense	\$ 81,052	\$ 410,563	\$ 687,793	\$ 858,891	\$ 1,168,876
R&D Expense	\$ 33,000	\$ 119,750	\$ 853,289	\$ 1,285,829	\$ 1,995,094
S&M Expense	\$ 253,336	\$ 891,803	\$ 1,951,501	\$ 2,744,070	\$ 4,200,282
Shipping Expense	\$ 2,385	\$ 51,488	\$ 321,633	\$ 489,498	\$ 793,464
EBITDA	\$ (335,615)	\$ (244,009)	\$ 4,972,863	\$ 7,112,004	\$ 10,487,778
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ 1,778	\$ 5,333	\$ 20,611	\$ 22,000	\$ 35,889
EBIT	\$ (337,393)	\$ (249,342)	\$ 4,952,252	\$ 7,090,004	\$ 10,451,889
Interest Expense	\$ 2,892	\$ 8,117	\$ 2,086	\$ -	\$ -
Taxes	\$ (51,043)	\$ (38,619)	\$ 1,782,060	\$ 2,552,401	\$ 3,762,680
Net Income	\$ (289,242)	\$ (218,841)	\$ 3,168,107	\$ 4,537,602	\$ 6,689,209

#### COMPANY OVERHEAD

##### Is the company's overhead low?

Currently quite low. Their \$4k/month burn rate typically goes to outsourced prototyping, design, and IP work. No salaries are currently being drawn and they have no operational overhead.

#### SALES REVENUES

##### Are there monthly sales revenues?

Pressure Products has minimal revenues of between \$500-\$1,500 from its first generation product in small test markets, website, and word-of-mouth sales. They keep a small inventory of first-generation product on hand to show that, with no marketing energy at all, sales are being generated. A local software company wishes to purchase 60+ products as holiday gifts to employees and AFFES (military base PX system) contracts have just been signed so that exchange buyers can access the product – hundreds of pieces will be ordered in this respect by year's end. They have a commission-based professional military sales rep (ex-Camelbak military product manager) who has generated these pending sales.

# Island Park

INVESTMENTS

## PRODUCT MARGINS

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### Are there excellent product margins?

Currently the first generation product is at 28% because of low volume and US-based manufacturing, but they are projecting that the new product line and associated soft goods will turn a 47% margin as designs have become more streamlined and off-shore manufacturing has been established.

## RETURN ON INVESTMENT

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### Is there a likely 10X return for investors?

Pressure Products is projecting a 17X return in approximately 5 years, referencing the sale of other companies like Pressure Products to private equity firms. Camelbak was sold for 6.5 times their EBITDA to a private equity firm. 6.5 times Pressure Products projected EBITDA of \$10.487 million in 2012 means a 24X return to the \$750,000 Series A investors assuming they own 25% of the company at exit and no additional equity financing is raised. If a Series B investor comes in with \$1.75 million for 30% of the company the Series A investors will own 17% and realize a 17x return.

## EXIT STRATEGY

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### Is there a likely exit strategy?

IPO: possible...

Sale: Pressure Products plans to actively pursue selling the company to an industry giant or private equity firm in the next 3-5 years.

## SIZE OF INVESTMENT

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### Is the size of investment appropriate?

The investment looks appropriate both in amount required, \$750K, and for the objectives set for the use of funds. A big push in sales and marketing is needed, overhead increases, and finalization of product for manufacturing all warrant this number. \$750K gives the investor a 25% share of preferred stock.

## USE OF FUNDS

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### How will the money be invested?

The money will be used as follows:

Engineering:	\$ 50k
Marketing/Sales:	\$500k
Overhead (12 months):	\$150k
Contingency:	<u>\$ 50k</u>
Total:	\$750k

## VALUATION

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### What is the valuation of the company?

\$2,250,000 pre-money/\$3,000,000 post-money.

# Island Park

INVESTMENTS

## **FUTURE FINANCING**

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### **Will other rounds of funding be required?**

Pressure Products is projecting and additional round of financing in the next 12-18 months to deliver expected military orders. They are projecting that approximately \$1.75 million will be needed.

## **PERCENT OWNERSHIP**

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### **What would our percentage of ownership be?**

25% Series A preferred stock.

## **OTHER INVESTORS**

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### **Who are the other investors?**

The current business owners have invested approximately \$100,000, broken down as follows:

Ron Reichert –	\$59,000
Luke Reichert –	\$20,000
Toby Hazelbaker –	\$10,000
Gabe Reichert –	\$ 5,000
Carly Swensen –	\$ 5,000
Tauni Roberts –	\$ 1,000

## **IV. Marketing:**

### **POTENTIAL MARKET**

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#### **Is there a large potential market for the product?**

According to the Outdoor Industry Association, approximately 1.6 million hydration packs and reservoirs are sold to consumers annually in the US alone. Militaries worldwide are adopting hydration packs over the old canteens (In fact, over half of Camelbak's \$100+ million in sales comes from the US military), and as outdoor recreation and commuter cycling increases, our products will be the obvious choice. Plugging in international consumer and military markets, the total addressable market opportunity for the hydration pack market is estimated to be \$230 million. Pressure Products believes that many more people would use hydration packs were it not for the inherent problems that their product overcomes.

#### **Is the company part of a high growth trend?**

Recreation and military hydration markets are high areas of growth, with both looking for improvements in the current problematic designs. Sporting goods were one of the few areas of growth this last quarter in our slowing economy. The Outdoor Industry Association estimates the hydration pack market is growing at over 15% annually.



# Island Park

INVESTMENTS

## **Can products be sold nationally and potentially globally?**

The activities that warrant hydration pack use are participated in globally – again, \$230 million is the global market number, with \$130 million as domestic sales/ \$100 foreign currently. With e-commerce and even foreign military demand, a global customer base is evident. Over 50 foreign militaries purchase and use hydration pack systems.

## **COMPETITION**

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### **Are they first to market?**

Pressure Products was the first company to offer a pressurized hands free hydration kit introducing it in 2006.

### **Are there competitors?**

A small company called Polar Pak makes a pressurized hydration reservoir based off of prior art ideas (not defensible). This product is poorly designed, difficult to use and does not enjoy market support or the potential for wide adoption.

## **EXISTING DISTRIBUTION CHANNELS**

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### **Are there existing channels to customers?**

According to the Outdoor Industry Association, 80% of hydration pack consumer sales are generated through chain retail stores, 15% come from specialty retail stores, and 6% are made over the internet. Separate channels exist for military sales.

## **COMPELLING REASON TO BUY**

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### **Is there a compelling reason for customers to buy?**

Over the last decade, millions of customers have flocked to the hands-free hydration systems manufactured by companies such as Camelbak. Unfortunately, hydration pack technologies have remained fundamentally unchanged over the years - users must still suck water through a very long tube to get it into their mouths. This can be a difficult proposition during times of physical exertion and heavy breathing, the exact time when people need water the most. Users complain of aspiration and the need to hydrate faster when using current hydration systems. Accessing water for alternative purposes such as cooling off, sharing with a dog, washing hands, and irrigating wounds is not effective with current suction technologies. Dehydration and heat related illnesses are the number two medical concern (after trauma) for the US armed forces. Militaries and backcountry users worldwide are searching for ways to incorporate in-line biofiltration technologies with pressurized hydration systems. Pressure Products is well positioned to solve these problems.

## **VALUE ADDED PRODUCT**

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### **Is the product value added, not a commodity?**

This is a value added product. The value their products give the customer over a traditional, non-pressurized hydration pack include, but are not limited to: greater efficiency of hydration leading to a better hydrated user, vastly improved utility of carried water over the traditional packs (ability to spray off, share water, clean gear, etc.),



improved performance of inline filter use, insulative properties of the air/gas used surrounding the water.

## **V. Technology:**

### **TECHNOLOGY COMPANY**

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#### **Is this a technology company?**

Indeed. The system used to pressurize our packs is patent pending as are many of the spin-off products our system will generate. Future technological advances to our products are currently envisioned and being adequately protected.

#### **Is there a disruptive technology?**

For the last 15 years, hydration pack technology has remained unchanged (still must suck to get water). Pressure Pak's simple, superior technology has stunned even the largest players in their market.

### **PRODUCT MATURITY**

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#### **Is the technology sound?**

Second generation functioning prototypes have been tested to beyond realistic tolerances for months and are eagerly shown off to interested parties in a private setting. Their current product has been selling for 2 years. They both use the same or similar technologies.

#### **How mature is the technology and product?**

The second generation design is 60-90 days away from completion, with only minor changes needed to a few components. The technology itself is borrowed from medical devices that have been widely used for decades, and as stated earlier, has been selling for 2 years in their first generation product.

#### **How long would it take a skilled team to duplicate the product?**

Patents would prohibit this, but they have industry professionals telling them 12-18 months at the quickest.

#### **Are there technical risks to get to market?**

There are a few very minor risks associated with the second generation reservoir that are being mitigated by the engineers they are partnered with and the material scientists they have on staff. These hurdles will be overcome and the new reservoir will be market ready in 60 to 90 days.

### **INTELLECTUAL PROPERTY**

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#### **Does the company own any intellectual property?**

Patents are pending, with log books and diligence in engineering also supporting their "first to invent" rights since 2004 in this and other supporting technologies. Thorpe, North, and Western are their patent attorneys. Properties that the pending utility patent

# Island Park

INVESTMENTS

protects include: pressurized hydration with a flexible chamber of air, in-line filtration with a pressurized system, pressurization with compressed gas, and a backboard to control shape during pressurization.

## **INVENTORY**

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### **Will there be manufacturing and inventory?**

Inventory will be required with the overseas manufacturing that has been secured. However, with a lean, JIT format that will be employed and managed by known associates with over 40 years combined experience in this area, on-hand inventory will be minimized.